



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0294045

THE APPLICATION OF DEVON ENERGY PRODUCTION CO., LP FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR THE HARRIS RANCH BB2-8 LEASE, WELL NO. 1H, LIN (WOLFCAMP) FIELD, CROCKETT COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Terry Johnson – Hearings Examiner

HEARING DATE: December 18, 2014

CONFERENCE DATE: March 24, 2015

APPEARANCES: **REPRESENTING:**

APPLICANT:

John Soule
Dustin Freeman

Devon Energy Production Co., LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Devon Energy Production Co., LP (Devon) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) for the authority to flare gas from its Harris Ranch BB2-8 Lease (Lease No. 18643) in the Lin (Wolfcamp) Field, Crockett County, Texas. Devon is in the process of constructing a pipeline connection to market the gas from this well, and more wells are planned for the lease. Devon seeks authority to flare 400 thousand cubic feet (MCF) gas from the well from November 21, 2014, through November 20, 2015. Devon stated it only intends to flare gas until the gas pipeline is completed and connected. The Examiners recommend the exception be granted as requested by Devon.

The subject well first flared gas on May 10, 2014. Devon's evidence indicated a flare permit (No. 18813) was issued on September 9, 2014. The record contains no evidence of flaring authority for the well from May 10, 2014, through September 8, 2014.

DISCUSSION OF THE EVIDENCE

Devon completed its Harris Ranch BB2-8 Lease, Well No. 1H (API No. 42-105-41942), in the Lin (Wolfcamp) Field, on May 10, 2015. On initial potential testing the well produced 775 barrels of oil and 248 MCF casinghead gas. This part of the Lin (Wolfcamp) Field is in the early stages of development with horizontal wells, and there is currently limited gas gathering and transmission infrastructure. The nearest sales line is operated by DCP Midstream and located about 15,000 feet from the well site. The DCP line currently has limited available capacity. In addition, the gas produced from the subject well has a high nitrogen content, which, untreated, limits its marketability via DCP.

Devon plans to continue to develop the lease with horizontal wells. Devon has selected Lucid as the gas gatherer in the area, and is working with Lucid to develop the necessary infrastructure for gas gathering and sales. This will include obtaining right-of-way for construction of a 22 miles of pipeline including 6 miles of low-pressure and 16 miles of high-pressure gathering line. The original completion date for the pipeline was mid-November 2014.

Devon obtained administrative authorization to flare gas from the well in order to continue to produce oil. Administrative flare permit no. 18813 authorized Devon to flare 400 MCF gas per day from September 9, 2014, through November 20, 2014. The well first flared gas on May 10, 2014. From May 10, 2014, through November 20, 2014 (194 days), Devon flared 58,518 MCF gas from the well, averaging 301 MCF per day.

On November 6, 2014, Devon requested a hearing to extend its flaring authority pursuant to Rule 32 because Lucid now anticipates the pipeline will be completed by February 1, 2015. Devon believes additional time will be necessary and therefore requests authority to flare 400 MCF gas per day for one year, from November 21, 2014, through November 20, 2015.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing.
2. Devon completed its Harris Ranch BB2-8 Lease, Well No. 1H (API No. 42-105-41942), in the Lin (Wolfcamp) Field, on May 10, 2015. On initial potential testing the well produced 775 barrels of oil and 248 MCF casinghead gas.
3. The well first flared gas on May 10, 2014.
4. The record contains no evidence of flaring authority for the well from May 10, 2014, through September 8, 2014.

5. Administrative flare permit no. 18813 authorized Devon to flare 400 MCF gas per day from September 9, 2014, through November 20, 2014.
6. From May 10, 2014, through November 20, 2014 (194 days), Devon flared 58,518 MCF gas from the well, averaging 301 MCF per day.
7. On November 6, 2014, Devon requested a hearing to extend its flaring authority pursuant to Rule 32.
8. Devon has selected Lucid as the gas gatherer in the area, and is working with Lucid to obtaining right-of-way for construction of 22 miles of pipeline including 6 miles of low-pressure and 16 miles of high-pressure gathering line. The anticipated completion date for the pipeline is February 1, 2014.
9. Authority to flare gas for a period of one year, from November 21, 2014, through November 20, 2015, will provide time for the pipeline to be completed and will account for anticipated delays in construction.
10. Devon plans to continue to develop the lease with horizontal wells.
11. Without authorization to continue to flare gas until the amine treating unit is installed, the well will be shut in, which will place the remaining oil reserves at risk of being wasted.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. The requested exception to flare 400 MCF/D casinghead gas for the subject well from November 21, 2014, through November 20, 2015, meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h)

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant an exception to Statewide Rule 32 for the subject well, as requested by Devon.

Respectfully submitted,



Paul Dubois
Technical Examiner



Terry Johnson
Hearings Examiner